

**REPORT OF THE AUDIT OF THE
FULTON COUNTY
FISCAL COURT**

**For The Year Ended
June 30, 2024**



**ALLISON BALL
AUDITOR OF PUBLIC ACCOUNTS
auditor.ky.gov**

**209 ST. CLAIR STREET
FRANKFORT, KY 40601-1817
TELEPHONE (502) 564-5841
FACSIMILE (502) 564-2912**

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ALLISON BALL
AUDITOR OF PUBLIC ACCOUNTS

Independent Auditor's Report

To the People of Kentucky
The Honorable Andy Beshear, Governor
Holly M. Johnson, Secretary
Finance and Administration Cabinet
The Honorable Jim Martin, Fulton County Judge/Executive
Members of the Fulton County Fiscal Court

Report on the Audit of the Financial Statement

Opinions

We have audited the accompanying Statement of Receipts, Disbursements, and Changes in Fund Balances – Regulatory Basis of the Fulton County Fiscal Court, for the year ended June 30, 2024, and the related notes to the financial statement, which collectively comprise the Fulton County Fiscal Court's financial statement as listed in the table of contents.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statement referred to above presents fairly, in all material respects, the receipts, disbursements, and changes in fund balances – regulatory basis of the Fulton County Fiscal Court, for the year ended June 30, 2024, in accordance with accounting practices prescribed or permitted by the Commonwealth of Kentucky as described in Note 1.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles section of our report, the financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the Fulton County Fiscal Court, for the year ended June 30, 2024, or the changes in financial position and cash flows thereof for the year then ended.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Fiscal Court Audit Guide* issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statement section of our report. We are required to be independent of the Fulton County Fiscal Court and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.



To the People of Kentucky
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Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 of the financial statement, the financial statement is prepared by the Fulton County Fiscal Court on the basis of the accounting practices prescribed or permitted by the Department for Local Government to demonstrate compliance with the Commonwealth of Kentucky's regulatory basis of accounting and budget laws, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Responsibilities of Management for the Financial Statement

Fulton County Fiscal Court's management is responsible for the preparation and fair presentation of the financial statement in accordance with accounting practices prescribed or permitted by the Department for Local Government to demonstrate compliance with the Commonwealth of Kentucky's regulatory basis of accounting and budget laws. This includes determining that the regulatory basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of a financial statement that is free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Fulton County Fiscal Court's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statement

Our objectives are to obtain reasonable assurance about whether the financial statement is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statement.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statement, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statement.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fulton County Fiscal Court's internal control. Accordingly, no such opinion is expressed.

To the People of Kentucky
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Auditor's Responsibilities for the Audit of the Financial Statement (Continued)

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statement.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Fulton County Fiscal Court's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statement taken as a whole of the Fulton County Fiscal Court. The Budgetary Comparison Schedules and the Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) are presented for purposes of additional analysis and are not a required part of the financial statement; however, they are required to be presented in accordance with accounting practices prescribed or permitted by the Department for Local Government to demonstrate compliance with the Commonwealth of Kentucky's regulatory basis of accounting and budget laws.

The accompanying Budgetary Comparison Schedules and Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statement. Such information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Budgetary Comparison Schedules and the Schedule of Expenditures of Federal Awards are fairly stated in all material respects in relation to the financial statement as a whole.

Other Information

Management is responsible for the other information included in this report. The other information is comprised of the schedule of capital assets but does not include the financial statement and our auditor's report thereon. Our opinions on the financial statement do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statement, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statement, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

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Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 13, 2025, on our consideration of the Fulton County Fiscal Court's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Fulton County Fiscal Court's internal control over financial reporting and compliance.

Based on the results of our audit, we present the accompanying Schedule of Findings and Questioned Costs included herein, which discusses the following report findings:

- 2024-001 The Fulton County Fiscal Court Failed To Implement Adequate Internal Controls Over Accounting Functions And Financial Reporting Including Adequately Segregating Duties
- 2024-002 The Fulton County Fiscal Court's Outstanding Debt Balances Were Materially Understated And Proper Notification Was Not Provided To The State Local Debt Officer For New Debt
- 2024-003 The Fulton County Fiscal Court Failed To Prepare A Schedule Of Expenditures Of Federal Awards For The 2024 Fiscal Year
- 2024-004 The Fulton County Fiscal Court Failed To Implement Adequate Internal Controls Over Disbursements
- 2024-005 The Fulton County Fiscal Court Failed To Approve Quarterly Financial Reports And An Annual Settlement For The Fiscal Year

Respectfully submitted,



Allison Ball
Auditor of Public Accounts
Frankfort, Ky

June 13, 2025

FULTON COUNTY OFFICIALS**For The Year Ended June 30, 2024****Fiscal Court Members:**

Jim Martin	County Judge/Executive
Wade Adams	Magistrate
Butch Busby	Magistrate
Jim Paitsel	Magistrate
Matt Moss	Magistrate

Other Elected Officials:

Amanda Major	County Attorney
Steven Williams	Jailer
Naomi Jones	County Clerk
Jaime Matthews	Circuit Court Clerk
Chad Parker	Sheriff
Pete Morgan	Property Valuation Administrator
Darrin Hulin	Coroner

Appointed Personnel:

April Gallimore	Deputy Judge Executive
Christian Lattus	County Treasurer
Carol Parker	Finance Officer

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FULTON COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES
IN FUND BALANCES - REGULATORY BASIS

For The Year Ended June 30, 2024

FULTON COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES
IN FUND BALANCES - REGULATORY BASIS

For The Year Ended June 30, 2024

	Budgeted Funds		
	General Fund	Road Fund	Jail Fund
RECEIPTS			
Taxes	\$ 1,030,449	\$	\$
In Lieu Tax Payments	19,638		
Excess Fees	3,410		
Licenses and Permits	3,230		
Intergovernmental	1,029,795	1,208,415	6,835,011
Charges for Services			390
Miscellaneous	660,238	20,000	418,291
Interest	66,634	116,906	68,598
Total Receipts	<u>2,813,394</u>	<u>1,345,321</u>	<u>7,322,290</u>
DISBURSEMENTS			
General Government	1,522,629		
Protection to Persons and Property	465,282		5,022,918
General Health and Sanitation	3,537		
Social Services	25,312		
Recreation and Culture	1,550		
Roads		734,093	
Other Transportation Facilities and Services		28,834	
Debt Service	1,059,245		358,084
Capital Projects	90		
Administration	919,531	119,335	1,267,937
Total Disbursements	<u>3,997,176</u>	<u>882,262</u>	<u>6,648,939</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(1,183,782)</u>	<u>463,059</u>	<u>673,351</u>
Other Adjustments to Cash (Uses)			
Financing Obligation Proceeds			
Transfers From Other Funds	1,443,801	1,970	43,038
Transfers To Other Funds	(44,993)	(233,214)	(56,204)
Total Other Adjustments to Cash (Uses)	<u>1,398,808</u>	<u>(231,244)</u>	<u>(13,166)</u>
Net Change in Fund Balance	215,026	231,815	660,185
Fund Balance - Beginning (Restated)	<u>845,485</u>	<u>2,327,490</u>	<u>1,572,876</u>
Fund Balance - Ending	<u>\$ 1,060,511</u>	<u>\$ 2,559,305</u>	<u>\$ 2,233,061</u>
Composition of Fund Balance			
Bank Balance	\$ 1,085,582	\$ 2,559,425	\$ 2,235,912
Less: Outstanding Checks	(25,071)	(120)	(2,851)
Fund Balance - Ending	<u>\$ 1,060,511</u>	<u>\$ 2,559,305</u>	<u>\$ 2,233,061</u>

The accompanying notes are an integral part of the financial statement.

FULTON COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES
IN FUND BALANCES - REGULATORY BASIS
For The Year Ended June 30, 2024
(Continued)

Budgeted Funds					
Local Government Economic Assistance Fund	Federal Grants Fund	DES Fund	Fire Rescue Construction Fund	Ambulance Reserve Fund	Clerk Storage Fund
\$	\$	\$	\$	\$	\$
	731,050	12,795		137,011	
		93			9,961
	671	69	35,432	109,226	34
	731,721	12,957	35,432	246,237	9,995
	2,275				6,232
		18,949	21,805	98,702	
	454,933				
	457,208	18,949	21,805	98,702	6,232
	274,513	(5,992)	13,627	147,535	3,763
	1,453				
	(90,100)	(1,970)	(250)	(1,058,645)	
	(88,647)	(1,970)	(250)	(1,058,645)	
	185,866	(7,962)	13,377	(911,110)	3,763
		7,909	743,660	2,762,574	3,044
\$ 0	\$ 185,866	\$ (53)	\$ 757,037	\$ 1,851,464	\$ 6,807
\$	\$ 185,866	\$ (53)	\$ 757,037	\$ 1,851,464	\$ 6,807
\$ 0	\$ 185,866	\$ (53)	\$ 757,037	\$ 1,851,464	\$ 6,807

The accompanying notes are an integral part of the financial statement.

FULTON COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES
IN FUND BALANCES - REGULATORY BASIS
For The Year Ended June 30, 2024
(Continued)

	Budgeted Funds		
	Opioid Fund	Alcohol Fees Fund	ARPA Fund
RECEIPTS			
Taxes	\$	\$	\$
In Lieu Tax Payments			
Excess Fees			
Licenses and Permits			
Intergovernmental			50,000
Charges for Services			
Miscellaneous	5,557	47,919	
Interest	321	109	6,566
Total Receipts	<u>5,878</u>	<u>48,028</u>	<u>56,566</u>
DISBURSEMENTS			
General Government			
Protection to Persons and Property			200,000
General Health and Sanitation	100		
Social Services			
Recreation and Culture			
Roads			
Other Transportation Facilities and Services			
Debt Service			
Capital Projects			
Administration			47,951
Total Disbursements	<u>100</u>	<u></u>	<u>247,951</u>
Excess (Deficiency) of Receipts Over			
Disbursements Before Other			
Adjustments to Cash (Uses)	<u>5,778</u>	<u>48,028</u>	<u>(191,385)</u>
Other Adjustments to Cash (Uses)			
Financing Obligation Proceeds			
Transfers From Other Funds			
Transfers To Other Funds		(34,592)	(1,453)
Total Other Adjustments to Cash (Uses)		<u>(34,592)</u>	<u>(1,453)</u>
Net Change in Fund Balance	5,778	13,436	(192,838)
Fund Balance - Beginning (Restated)	<u>39,491</u>	<u>10,517</u>	<u>1,220,221</u>
Fund Balance - Ending	<u>\$ 45,269</u>	<u>\$ 23,953</u>	<u>\$ 1,027,383</u>
Composition of Fund Balance			
Bank Balance	\$ 45,269	\$ 23,953	\$ 1,028,558
Less: Outstanding Checks			(1,175)
Fund Balance - Ending	<u>\$ 45,269</u>	<u>\$ 23,953</u>	<u>\$ 1,027,383</u>

The accompanying notes are an integral part of the financial statement.

FULTON COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES
IN FUND BALANCES - REGULATORY BASIS
For The Year Ended June 30, 2024
(Continued)

Unbudgeted Funds					
SAFE Fund	SAFE Sinking Fund	Court Facility Fees Fund	Mills Point Leasing Fund	Jail Commissary Fund	Total Funds
\$	\$	\$	\$	\$	\$ 1,030,449
					19,638
					3,410
					3,230
		1,604			10,005,681
					390
			14,042	259,914	1,436,015
3,857	1,390	52			409,865
3,857	1,390	1,656	14,042	259,914	12,908,678
		84	25		1,531,245
					5,827,656
					3,637
					25,312
				202,929	204,479
					734,093
					28,834
					1,417,329
					455,023
					2,354,754
		84	25	202,929	12,582,362
3,857	1,390	1,572	14,017	56,985	326,316
567,128					567,128
692	1,955	29,204			1,522,113
	(692)				(1,522,113)
567,820	1,263	29,204			567,128
571,677	2,653	30,776	14,017	56,985	893,444
				72,166	9,605,433
\$ 571,677	\$ 2,653	\$ 30,776	\$ 14,017	\$ 129,151	\$ 10,498,877
\$ 571,677	\$ 2,653	\$ 30,776	\$ 14,017	\$ 161,256	\$ 10,560,199
				(32,105)	(61,322)
\$ 571,677	\$ 2,653	\$ 30,776	\$ 14,017	\$ 129,151	\$ 10,498,877

The accompanying notes are an integral part of the financial statement.

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TO THE FINANCIAL STATEMENT**

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**FULTON COUNTY
NOTES TO FINANCIAL STATEMENT**

June 30, 2024

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The financial statement of Fulton County includes all budgeted and unbudgeted funds under the control of the Fulton County Fiscal Court. Budgeted funds included within the reporting entity are those funds presented in the county's approved annual budget and reported on the quarterly reports submitted to the Department for Local Government. Unbudgeted funds may include non-fiduciary financial activities, private purpose trust funds, and internal service funds that are within the county's control. Unbudgeted funds may also include any corporation to act for and on behalf of, and as the agency and instrumentality of the fiscal court in the acquisition and financing of any public project which may be undertaken by the fiscal court pursuant to the provisions of Kentucky law and thus accomplish a public purpose of the fiscal court. The unbudgeted funds are not presented in the annual approved budget or in the quarterly reports submitted to the Department for Local Government.

B. Basis of Accounting

The financial statement is presented on a regulatory basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP) as established by the Governmental Accounting Standards Board. This basis of accounting involves the reporting of fund balances and the changes therein resulting from cash inflows (cash receipts) and cash outflows (cash disbursements) to meet the financial reporting requirements of the Department for Local Government and the laws of the Commonwealth of Kentucky.

This regulatory basis of accounting differs from GAAP primarily because the financial statement format does not include the GAAP presentations of government-wide and fund financial statements, cash receipts are recognized when received in cash rather than when earned and susceptible to accrual, and cash disbursements are recognized when paid rather than when incurred or subject to accrual.

Generally, except as otherwise provided by law, property taxes are assessed as of January 1, levied (mailed) November 1, due at discount November 30, due at face value December 31, delinquent January 1 following the assessment, and subject to sale ninety days following April 15.

C. Basis of Presentation

Budgeted Funds

The fiscal court reports the following budgeted funds:

General Fund - This is the primary operating fund of the fiscal court. It accounts for all financial resources of the general government, except where the Department for Local Government requires a separate fund or where management requires that a separate fund be used for some function.

Road Fund - This fund is for road and bridge construction and repair. The primary sources of receipts for this fund are state payments for truck license distribution, municipal road aid, and transportation grants. The Department for Local Government requires the fiscal court to maintain these receipts and disbursements separately from the General Fund.

Jail Fund - The primary purpose of this fund is to account for the jail expenses of the county. The primary sources of receipts for this fund are reimbursements from the state and federal governments, payments from other counties for housing prisoners, and transfers from the general fund. The Department for Local Government requires the fiscal court to maintain these receipts and disbursements separately from the General Fund.

FULTON COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2024
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

C. Basis of Presentation (Continued)

Budgeted Funds (Continued)

Local Government Economic Assistance Fund - The primary purpose of this fund is to account for grants and related disbursements. The primary sources of receipts for this fund are grants from the state and federal governments.

Federal Grants Fund - The primary purpose of this fund is to account for expenses related to federal construction projects. The primary source of receipts for this fund are grant from state and federal governments.

DES Fund - The primary purpose of this fund is to account for emergency management expenses of the county. The primary source of receipts for this fund is the state government.

Fire Rescue Construction Fund - The primary purpose of this fund is to account for repair and/or construction expenses for the fire rescue building. The primary source of receipts for this fund is reimbursement from insurance and FEMA.

Ambulance Reserve Fund - The primary purpose of this fund is to hold funds that will be used to pay the jail's debt upon maturity. The primary source of receipts for this fund are funds received related to notes receivable.

Clerk Storage Fund - The primary purpose of this fund is to account for the receipts and disbursements associated with the preservation of public records maintained at the county clerk's office. The primary source of receipts for this fund is from the collection of storage fees at the county clerk's office.

Opioid Fund - The primary purpose of this fund is to account for funds to be used to combat the county's opioid crisis. The primary sources of receipts for this fund are from the state resulting from an agreement with major opioid manufactures and distributors.

Alcohol Fees Fund - The primary purpose of this fund is to account for costs of additional policing, administration, and regulation due to repeal of prohibition. The primary source of receipts for this fund is from the collection of regulatory license fees imposed by a county ordinance.

ARPA Fund - The primary purpose of this fund is to account for the State and Local Fiscal Recovery Funds grant received from the U.S. Department of Treasury. Per the grant guidelines, these funds are restricted as to use.

Unbudgeted Funds

The fiscal court reports the following unbudgeted funds:

Jail Commissary Fund - The canteen operations are authorized pursuant to KRS 441.135. The profits generated from the sale of items are to be used for the benefit and to enhance the well-being of the inmates, or to enhance safety and security within the jail. The jailer is required to maintain accounting records and report annually to the county treasurer the receipts and disbursements of the Jail Commissary Fund.

SAFE Fund - The primary purpose of this fund is to account for a loan secured from the Commonwealth to be used for recovery efforts from storm damage.

FULTON COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2024
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

C. Basis of Presentation (Continued)

Unbudgeted Funds (Continued)

SAFE Sinking Fund - The primary purpose of this fund is to save sufficient funds during the term of the SAFE loan to pay off the loan at end of term.

Court Facility Fees Fund - This fund was established to account for court facility fees received from the state and sheriff's office to be used for expenses not reimbursed by the Administrative Office of the Courts.

Mills Point Leasing Fund - This fund was established to account for rental payments resulting from leasing office space to be used to pay utilities for the rental property.

D. Budgetary Information

Annual budgets are adopted on a regulatory basis of accounting according to the laws of Kentucky as required by the state local finance officer, which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP) as established by the Governmental Accounting Standards Board.

The county judge/executive is required to submit estimated receipts and proposed disbursements to the fiscal court by May 1 of each year. The budget is prepared by fund, function, and activity and is required to be adopted by the fiscal court by July 1.

The fiscal court may change the original budget by transferring appropriations at the activity level; however, the fiscal court may not increase the total budget without approval by the state local finance officer. Disbursements may not exceed budgeted appropriations at the activity level.

The state local finance officer does not require the Jail Commissary Fund to be budgeted because the fiscal court does not approve the expenses of this fund.

E. Fulton County Elected Officials

Kentucky law provides for election of the officials listed below from the geographic area constituting Fulton County. Pursuant to state statute, these officials perform various services for the Commonwealth of Kentucky, its judicial courts, the fiscal court, various cities and special districts within the county, and the board of education. In exercising these responsibilities, however, they are required to comply with state laws. Audits of their financial statements are issued separately and individually and can be obtained from their respective administrative offices. These financial statements are not required to be included in the financial statement of the Fulton County Fiscal Court.

- Circuit Court Clerk
- County Attorney
- Property Valuation Administrator
- County Clerk
- County Sheriff

FULTON COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2024
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

F. Deposits and Investments

The government's fund balance is considered to be cash on hand, demand deposits, certificates of deposit, and short-term investments with original maturities of three months or less from the date of acquisition. The government's fund balance includes cash and cash equivalents and investments.

KRS 66.480 authorizes the county to invest in obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

G. Long-term Obligations

The fund financial statement recognizes bond interest, as well as bond issuance costs when received or when paid, during the current period. The principal amount of the debt and interest are reported as disbursements. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as disbursements. Debt proceeds are reported as other adjustments to cash.

H. Related Obligations

A related organization is an entity for which a primary government is not financially accountable. It does not impose will or have a financial benefit or burden relationship, even if the primary government appoints a voting majority of the related organization's governing board. Based on these criteria, the following are considered related organizations of the Fulton County Fiscal Court:

- Fulton County Levee Board
- New Madrid Levee Board

Note 2. Deposits

The fiscal court maintains deposits of public funds with federally insured banking institutions as required by the Department for Local Government's (DLG's) *County Budget Preparation and State Local Finance Officer Policy Manual*. The DLG manual strongly recommends perfected pledges of securities covering all public funds except direct federal obligations and funds protected by federal insurance. In order to be perfected in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the fiscal court and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. These requirements were met.

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a depository institution failure, the government's deposits may not be returned. The government does not have a deposit policy for custodial credit risk, but rather follows the requirements of DLG's *County Budget Preparation and State Local Finance Officer Policy Manual*. As of June 30, 2024, all deposits were covered by FDIC insurance or a properly executed collateral security agreement.

FULTON COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2024
(Continued)

Note 3. Transfers

The table below shows the interfund operating transfers for fiscal year 2024.

	General Fund	Road Fund	Jail Fund	SAFE Fund	Federal Grants Fund	SAFE Sinking Fund	Court Facility Fees Fund	Total Transfers Out
General Fund			\$ 43,038			\$ 1,955		\$ 44,993
Road Fund	233,214							233,214
Jail Fund	27,000						29,204	56,204
Federal Grants Fund	90,100							90,100
DES Fund		1,970						1,970
Fire Rescue Construction Fund	250							250
Ambulance Reserve Fund	1,058,645							1,058,645
SAFE Sinking Fund				692				692
Alcohol Fees Fund	34,592							34,592
ARPA Fund					1,453			1,453
Total Transfers In	<u>\$1,443,801</u>	<u>\$ 1,970</u>	<u>\$ 43,038</u>	<u>\$ 692</u>	<u>\$ 1,453</u>	<u>\$ 1,955</u>	<u>\$ 29,204</u>	<u>\$1,522,113</u>

Reason for transfers:

To move resources from and to the General Fund and other funds, for budgetary purposes, to the funds that will expend them.

Note 4. Custodial Funds

Custodial funds report only those resources held in a trust or custodial capacity for individuals, private organizations, or other governments. In accordance with the regulatory basis of accounting, custodial funds are not presented on the financial statement.

The fiscal court has the following custodial funds:

Jail Inmate Account - This account is maintained for monies received from the inmates. The balance in the Jail Inmate Account as of June 30, 2024, was \$99,325.

Jail Escrow Account - This account maintains funds belonging to former inmates that the jailer is unable to locate. The balance in the Jail Escrow Account as of June 30, 2024, was \$12,076.

Note 5. Leases

A. Lessor

1. Fulton County leases office space in the old courthouse to the Administrative Office of the Courts (AOC). The lease is for one year and Fulton County will receive quarterly payments of \$43,825. Fulton County recognized \$175,300 in lease revenue during the current fiscal year related to this lease. As of June 30, 2024, Fulton County's receivable on this lease was zero.
2. Fulton County leased equipment to the Twin City Ambulance Service. The lease is for two years, beginning on January 31, 2023, and ending January 31, 2025. Fulton County will receive annual payments of \$50. As of June 30, 2024, Fulton County's receivable on this lease was zero.

FULTON COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2024
(Continued)

Note 5. Leases (Continued)

A. Lessor (Continued)

3. Fulton County leases office space to Pinelake Physician Practice, LLC. The lease is for five years, beginning on January 1, 2017, and ending December 31, 2021, and the tenant has the option to extend the lease for three additional terms of one year each. This lease has been extended until December 31, 2024. Fulton County will receive monthly payments of \$1,620. As of June 30, 2024, Fulton County's receivable on this lease was \$9,720.
4. Fulton County leases office space to the Chamber of Commerce. The lease is for three years, beginning December 2023 and ending December 2026. Fulton County will receive monthly rental payments of \$123. As of June 30, 2024, Fulton County's receivable on this lease was \$3,699.
5. Fulton County leases office space to ARK Food Pantry. The lease is for three years, beginning December 2023 and ending December 2026. The lease agreement requires an advanced payment of \$12,000 on the lease, which covers a period of 32 months. For the remaining four months, Fulton County will receive monthly rental payments of \$377. As of June 30, 2024, Fulton County's receivable on this lease was \$1,508.

B. Lessee

1. Fulton County entered into a multi-year lease agreement as lessee for the use of office equipment (copiers). Fulton County is required to make monthly lease payments of \$299 for 60 months. During the fiscal year ended June 30, 2024, the fiscal court made payments of \$3,588.
2. Fulton County entered into a twelve-month lease agreement as lessee for the use of office equipment (copiers). Fulton County is required to make monthly lease payments of \$11. During the fiscal year ended June 30, 2024, the fiscal court made payments of \$132.
3. Fulton County entered into a multi-year lease agreement as lessee for the use of office equipment (copiers). Fulton County is required to make monthly lease payments of \$39 for 60 months. During the fiscal year ended June 30, 2024, the fiscal court made payments of \$468.

Note 6. Receivable

On December 15, 2017, Fulton County executed a note receivable with Twin City Ambulance Inc., dba Ken-Tenn EMS, in the amount of \$373,186 for the purchase of two ambulances. The note is to be repaid in monthly installments including interest over 120 months. The maturity date of the note is February 15, 2028. Fulton County has set up the ambulance reserve fund to account for payments received on the note. As of June 30, 2024, the outstanding balance of the note was \$68,559.

Note 7. Long-term Debt

A. Direct Borrowings and Direct Placements

1. KACO Leases – Tornado Damage

In April 2022, Fulton County entered into a financing agreement with the Kentucky Association of Counties Finance Corporation in the amount of \$1,043,000 for the purpose of paying, on an interim basis, the costs associated with clean-up resulting from tornado damage. A one-time balloon payment was due on March 20, 2024. The lease was paid in full during the fiscal year.

FULTON COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2024
(Continued)

Note 7. Long-term Debt (Continued)

A. Direct Borrowings and Direct Placements (Continued)

2. KACO Lease – Detention Center Refinancing

In March 2018, Fulton County entered into a financing agreement with the Kentucky Association of Counties Finance Corporation in the amount of \$2,710,000 at a rate of 2.4 percent for the purpose of refinancing the Fulton County Detention Center Facility Annex 1 and Annex 2 and constructing Annex 3. Monthly principal and interest payments are due until maturity in December 2034. In the event of default, the lessor will take legal title to and sell or re-lease the project or any portion thereof. The ending principal balance as of June 30, 2024, was \$1,840,000. Future principal and interest requirements are as follows:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2025	\$ 162,500	\$ 68,961
2026	170,000	62,055
2027	177,500	54,830
2028	182,500	48,186
2029	187,500	42,255
2030-2034	940,000	110,111
2035	20,000	1,580
Totals	<u>\$ 1,840,000</u>	<u>\$ 387,978</u>

3. KACO Lease – Detention Center Kitchen

In October 2017, Fulton County entered into a financing agreement with the Kentucky Association of Counties Finance Corporation in the amount of \$1,720,000. The primary purpose of the lease was for the construction of a new kitchen facility at the Fulton County Detention Center. The lease has a variable interest rate of approximately 3.14 percent. Principal and interest payments are due monthly beginning December 1, 2017, until maturity in February 2038. In the event of default, the lessor will take legal title to and sell or re-lease the project or any portion thereof. The ending principal balance as June 30, 2024, was \$1,297,500. Future principal and interest requirements are as follows:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2025	\$ 75,000	\$ 49,348
2026	77,500	46,160
2027	82,500	42,867
2028	85,000	39,360
2029	87,500	35,748
2030-2034	492,500	131,373
2035-2038	397,500	40,236
Totals	<u>\$ 1,297,500</u>	<u>\$ 385,092</u>

FULTON COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2024
(Continued)

Note 7. Long-term Debt (Continued)

A. Direct Borrowings and Direct Placements (Continued)

4. State Aid Funding Emergencies (SAFE) Program

In April 2024, Fulton County entered into a financing agreement with the Commonwealth of Kentucky in the amount of \$567,128. This is an interest free loan for the purpose of paying for expenses related to tornado damage across the county. Any unauthorized or improper expenditure of funds, or expenditure of funds other than in accordance with the terms of the MOA shall be deemed a default of this MOA. Upon default, the recipient shall reimburse the Commonwealth all funds that are not spent in accordance with the MOA and applicable laws. Principal payments of \$300 are due quarterly beginning March 1, 2024, until maturity in February 2044 with a one-time balloon payment due in March 2044. The ending principal balance as of June 30, 2024, was \$566,528. Future principal requirements are as follows:

Fiscal Year Ending June 30	Principal
2025	\$ 1,200
2026	1,200
2027	1,200
2028	1,200
2029	1,200
2030-2034	6,000
2035-2039	6,000
2040-2044	548,528
Totals	<u>\$ 566,528</u>

B. Changes In Long-term Debt

Long-term Debt activity for the year ended June 30, 2024, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Direct Borrowings and Direct Placements	\$ 4,410,500	\$ 567,128	\$1,273,600	\$ 3,704,028	\$ 238,700
Total Long-term Debt	<u>\$ 4,410,500</u>	<u>\$ 567,128</u>	<u>\$1,273,600</u>	<u>\$ 3,704,028</u>	<u>\$ 238,700</u>

FULTON COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2024
(Continued)

Note 7. Long-term Debt (Continued)

C. Aggregate Debt Schedule

The amount of required principal and interest payments on long-term obligations at June 30, 2024, were as follows:

Fiscal Year Ended June 30	Direct Borrowings and Direct Placements	
	Principal	Interest
2025	\$ 238,700	\$ 118,309
2026	248,700	108,215
2027	261,200	97,697
2028	268,700	87,546
2029	276,200	78,003
2030-2034	1,438,500	241,484
2035-2039	423,500	41,816
2040-2044	548,528	
Totals	<u>3,704,028</u>	<u>773,070</u>

Note 8. Employee Retirement System

The fiscal court has elected to participate, pursuant to KRS 78.530, in the County Employees Retirement System (CERS). This is a cost-sharing, multiple-employer, defined benefit pension plan, which covers all eligible full-time employees and provides for retirement, disability, and death benefits to plan members. Benefit contributions and provisions are established by statute. Effective April 1, 2021, the Kentucky Public Pension Authority (KPPA) was created by KRS 61.505 to provide staffing and daily administrative needs for CERS and Kentucky Retirement Systems (Ky. Ret. Sys.). The CERS nine (9) member board of trustees is responsible for the governance of the CERS pension and insurance plans.

The county's contribution for FY 2022 was \$770,059, FY 2023 was \$755,864, and FY 2024 was \$830,765.

Nonhazardous

Nonhazardous covered employees are required to contribute 5% of their salary to the plan. Nonhazardous covered employees who begin participation on or after September 1, 2008, are required to contribute 6% of their salary to be allocated as follows: 5% will go to the member's account and 1% will go to the Ky. Ret. Sys insurance fund and be attributed to CERS's portion thereof.

FULTON COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2024
(Continued)

Note 8. Employee Retirement System (Continued)

Nonhazardous (Continued)

In accordance with Senate Bill 2, signed by the Governor on April 4, 2013, plan members who began participating on or after January 1, 2014, were required to contribute to the Cash Balance Plan. The Cash Balance Plan is known as a hybrid plan because it has characteristics of both a defined benefit plan and a defined contribution plan. Members in the plan contribute a set percentage of their salary each month to their own accounts. Nonhazardous covered employees contribute 5% of their annual creditable compensation. Nonhazardous members also contribute 1% to the health insurance fund which is not credited to the member's account and is not refundable. The employer contribution rate is set annually by the CERS Board of Trustees based on an actuarial valuation. The employer contributes a set percentage of the member's salary. Each month, when employer contributions are received, an employer pay credit is deposited to the member's account. A member's account is credited with a 4% employer pay credit. The employer pay credit represents a portion of the employer contribution.

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65. Nonhazardous employees who begin participation on or after September 1, 2008, must meet the rule of 87 (member's age plus years of service credit must equal 87, and the member must be a minimum of 57 years of age) or the member is age 65, with a minimum of 60 months service credit.

The county's contribution rate for nonhazardous employees was 23.34 percent.

Other Post-Employment Benefits (OPEB)

A. Health Insurance Coverage - Tier 1

CERS provides post-retirement health care coverage as follows:

For members participating prior to July 1, 2003, years of service and respective percentages of the maximum contribution are as follows:

Years of Service	% Paid by Insurance Fund	% Paid by Member through Payroll Deduction
20 or more	100%	0%
15-19	75%	25%
10-14	50%	50%
4-9	25%	75%
Less than 4	0%	100%

As a result of House Bill 290 (2004 General Assembly), medical insurance benefits are calculated differently for members who began participation on or after July 1, 2003. Once members reach a minimum vesting period of ten years, non-hazardous employees whose participation began on or after July 1, 2003, earn \$10 per month for insurance benefits at retirement for every year of earned service without regard to a maximum dollar amount. This dollar amount is subject to adjustment annually based on the retiree cost of living adjustment, which is updated annually due to changes in the Consumer Price Index.

Benefits are covered under KRS 78.5536.

FULTON COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2024
(Continued)

Note 8. Employee Retirement System (Continued)

Other Post-Employment Benefits (OPEB) (Continued)

B. Health Insurance Coverage - Tier 2 and Tier 3 - Nonhazardous

Once members reach a minimum vesting period of 15 years, they earn \$10 per month for insurance benefits at retirement for every year of earned service without regard to a maximum dollar amount. This dollar amount is subject to adjustment annually by 1.5%. This was established for Tier 2 members during the 2008 Special Legislative Session by House Bill 1. During the 2013 Legislative Session, Senate Bill 2 was enacted, creating Tier 3 benefits for members.

The monthly insurance benefit has been increased annually as a 1.5% cost of living adjustment (COLA) since July 2003 when the law changed. The annual increase is cumulative and continues to accrue after the member's retirement.

Tier 2 member benefits are covered by KRS 78.5536. Tier 3 members are not covered by the same provisions.

C. Cost of Living Adjustments - Tier 1

The 1996 General Assembly enacted an automatic cost of living adjustment (COLA) provision for all recipients of Ky. Ret. Sys. benefits. During the 2008 Special Session, the General Assembly determined that each July beginning in 2009, retirees who have been receiving a retirement allowance for at least 12 months will receive an automatic COLA of 1.5%. The COLA is not a guaranteed benefit. If a retiree has been receiving a benefit for less than 12 months, and a COLA is provided, it will be prorated based on the number of months the recipient has been receiving a benefit.

D. Cost of Living Adjustments - Tier 2 and Tier 3

No COLA is given unless authorized by the legislature with specific criteria. To this point, no COLA has been authorized by the legislature for Tier 2 or Tier 3 members.

E. Death Benefit

If a retired member is receiving a monthly benefit based on at least 48 months of service credit, KPPA will pay a \$5,000 death benefit payment to the beneficiary designated by the member specifically for this benefit. Members with multiple accounts are entitled to only one death benefit.

F. Annual Financial Report and Proportionate Share Audit Report

KPPA issues a publicly available annual financial report that includes financial statements and required supplementary information on CERS. This report may be obtained by writing the Kentucky Public Pensions Authority, 1260 Louisville Road, Frankfort, KY 40601-6124, or by telephone at (502) 564-4646. Some reports are also available online at <https://kyret.ky.gov>.

KPPA also issues proportionate share audit reports for both total pension liability and other post-employment benefits for CERS determined by actuarial valuation as well as each participating county's proportionate share. Both the Schedules of Employer Allocations and Pension Amounts by Employer and the Schedules of Employer Allocations and OPEB Amounts by Employer reports and the related actuarial tables are available online at <https://kyret.ky.gov>. The complete actuarial valuation report, including all actuarial assumptions and methods, is also available on the website or can be obtained as described in the paragraph above.

FULTON COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2024
(Continued)

Note 9. Deferred Compensation

The Fulton County Fiscal Court voted to allow all eligible employees to participate in deferred compensation plans administered by the Kentucky Public Employees' Deferred Compensation Authority. The Kentucky Public Employees' Deferred Compensation Authority is authorized under KRS 18A.230 to 18A.275 to provide administration of tax-sheltered supplemental retirement plans for all state, public school and university employees, and employees of local political subdivisions that have elected to participate.

These deferred compensation plans permit all full-time employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. Participation by eligible employees in the deferred compensation plans is voluntary.

Historical trend information showing the Kentucky Public Employees' Deferred Compensation Authority's progress in accumulating sufficient assets to pay benefits when due is presented in the Kentucky Public Employees' Deferred Compensation Authority's annual financial report. This report may be obtained by writing the Kentucky Public Employees' Deferred Compensation Authority at 501 High Street, 2nd Floor, Frankfort, KY 40601, or by telephone at (502) 573-7925.

Note 10. Health Reimbursement Account/Flexible Spending Account

The Fulton County Fiscal Court offers a flexible spending program to all county employees which is to provide employees an additional health benefit. The county has contracted with a third-party administrator to manage the plan. The plan provides a debit card to each eligible employee, providing \$2,100 for employees who waive health insurance coverage, \$3,000 each year for employees who have single coverage, and \$5,400 each year for employees who have a family plan. Employees may contribute additional pre-tax funds through payroll deductions. As of June 30, 2024, the balance of the plan was \$137,092.

Note 11. Insurance

For the fiscal year ended June 30, 2024, the Fulton County Fiscal Court was a member of the Kentucky Association of Counties' All Lines Fund (KALF). KALF is a self-insurance fund and was organized to obtain lower cost coverage for general liability, property damage, public officials' errors and omissions, public liability, and other damages. The basic nature of a self-insurance program is that of collectively shared risk by its members. If losses incurred for covered claims exceed the resources contributed by the members, the members are responsible for payment of the excess losses.

Note 12. Conduit Debt

From time to time, the county may provide financial assistance to various entities for the acquisition and construction of industrial and commercial facilities, deemed to be in the public interest, in accordance with KRS 103.210. This debt may take the form of certain types of limited obligations revenue bonds, certificates of participation, or similar debt instruments. Although conduit debt obligations bear the Fulton County Fiscal Court's name as issuer, the fiscal court has no obligation for such debt beyond the resources provided by a lease or loan with the third party on whose behalf it is issued. Neither the fiscal court nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

FULTON COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2024
(Continued)

Note 13. Prior Period Adjustments

	<u>General Fund</u>	<u>Jail Fund</u>
Beginning Balance	\$ 832,783	\$ 1,572,458
Deposit in Transit - Omitted	12,702	
Prior Year Voided Check		418
	<u> </u>	<u> </u>
Beginning Balance - Restated	<u>\$ 845,485</u>	<u>\$ 1,572,876</u>

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FULTON COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis

For The Year Ended June 30, 2024

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FULTON COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis

For The Year Ended June 30, 2024

	GENERAL FUND			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
RECEIPTS				
Taxes	\$ 782,600	\$ 782,600	\$ 1,030,449	\$ 247,849
In Lieu Tax Payments	32,200	32,200	19,638	(12,562)
Excess Fees	1,000	1,000	3,410	2,410
Licenses and Permits	4,827	4,827	3,230	(1,597)
Intergovernmental	941,652	941,652	1,029,795	88,143
Miscellaneous	314,828	314,828	660,238	345,410
Interest	29,000	29,000	66,634	37,634
Total Receipts	2,106,107	2,106,107	2,813,394	707,287
DISBURSEMENTS				
General Government	1,533,441	1,750,434	1,522,629	227,805
Protection to Persons and Property	460,577	590,239	465,282	124,957
General Health and Sanitation	17,000	17,000	3,537	13,463
Social Services	9,500	26,000	25,312	688
Recreation and Culture	1,500	1,600	1,550	50
Airports	1,000	1,000		1,000
Debt Service	1,058,645	1,059,245	1,059,245	
Capital Projects	5,000	5,000	90	4,910
Administration	1,333,812	965,657	919,531	46,126
Total Disbursements	4,420,475	4,416,175	3,997,176	418,999
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(2,314,368)	(2,310,068)	(1,183,782)	1,126,286
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	1,343,468	1,343,468	1,443,801	100,333
Transfers To Other Funds			(44,993)	(44,993)
Total Other Adjustments to Cash (Uses)	1,343,468	1,343,468	1,398,808	55,340
Net Change in Fund Balance	(970,900)	(966,600)	215,026	1,181,626
Fund Balance - Beginning (Restated)	970,900	970,900	845,485	(125,415)
Fund Balance - Ending	\$ 0	\$ 4,300	\$ 1,060,511	\$ 1,056,211

FULTON COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2024
(Continued)

	ROAD FUND			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
RECEIPTS				
Intergovernmental	\$ 1,290,314	\$ 1,290,314	\$ 1,208,415	\$ (81,899)
Miscellaneous	8,500	8,500	20,000	11,500
Interest	32,000	32,000	116,906	84,906
Total Receipts	<u>1,330,814</u>	<u>1,330,814</u>	<u>1,345,321</u>	<u>14,507</u>
DISBURSEMENTS				
Transportation Facilities and Services	2,500	2,500		2,500
Roads	669,588	790,258	734,093	56,165
Other Transportation Facilities and Services	45,000	45,500	28,834	16,666
Capital Projects	100,000	100,000		100,000
Administration	2,813,055	2,691,885	119,335	2,572,550
Total Disbursements	<u>3,630,143</u>	<u>3,630,143</u>	<u>882,262</u>	<u>2,747,881</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(2,299,329)</u>	<u>(2,299,329)</u>	<u>463,059</u>	<u>2,762,388</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds			1,970	1,970
Transfers To Other Funds	<u>(223,214)</u>	<u>(223,214)</u>	<u>(233,214)</u>	<u>(10,000)</u>
Total Other Adjustments to Cash (Uses)	<u>(223,214)</u>	<u>(223,214)</u>	<u>(231,244)</u>	<u>(8,030)</u>
Net Change in Fund Balance	(2,522,543)	(2,522,543)	231,815	2,754,358
Fund Balance - Beginning	<u>2,522,543</u>	<u>2,522,543</u>	<u>2,327,490</u>	<u>(195,053)</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,559,305</u>	<u>\$ 2,559,305</u>

FULTON COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2024
(Continued)

	JAIL FUND			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
RECEIPTS				
Intergovernmental	\$ 7,087,125	\$ 7,087,125	\$ 6,835,011	\$ (252,114)
Charges for Services	5,000	5,000	390	(4,610)
Miscellaneous	630,000	630,000	418,291	(211,709)
Interest	15,000	15,000	68,598	53,598
Total Receipts	<u>7,737,125</u>	<u>7,737,125</u>	<u>7,322,290</u>	<u>(414,835)</u>
DISBURSEMENTS				
Protection to Persons and Property	5,123,022	5,585,942	5,022,918	563,024
Debt Service	357,000	358,500	358,084	416
Administration	2,567,638	2,103,218	1,267,937	835,281
Total Disbursements	<u>8,047,660</u>	<u>8,047,660</u>	<u>6,648,939</u>	<u>1,398,721</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(310,535)</u>	<u>(310,535)</u>	<u>673,351</u>	<u>983,886</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds			43,038	43,038
Transfers To Other Funds	<u>(27,000)</u>	<u>(27,000)</u>	<u>(56,204)</u>	<u>(29,204)</u>
Total Other Adjustments to Cash (Uses)	<u>(27,000)</u>	<u>(27,000)</u>	<u>(13,166)</u>	<u>13,834</u>
Net Change in Fund Balance	(337,535)	(337,535)	660,185	997,720
Fund Balance - Beginning (Restated)	<u>337,535</u>	<u>337,535</u>	<u>1,572,876</u>	<u>1,235,341</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,233,061</u>	<u>\$ 2,233,061</u>

FULTON COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2024
(Continued)

LOCAL GOVERNMENT ECONOMIC ASSISTANCE FUND

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
RECEIPTS				
Intergovernmental	\$ 500	\$ 500	\$	\$ (500)
Total Receipts	500	500		(500)
DISBURSEMENTS				
Roads	500	500		500
Total Disbursements	500	500		500
Net Change in Fund Balance				
Fund Balance - Beginning				
Fund Balance - Ending	\$ 0	\$ 0	\$ 0	\$ 0

FULTON COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2024
(Continued)

	FEDERAL GRANTS FUND			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
RECEIPTS				
Intergovernmental	\$ 733,550	\$ 733,550	\$ 731,050	\$ (2,500)
Interest			671	671
Total Receipts	<u>733,550</u>	<u>733,550</u>	<u>731,721</u>	<u>(1,829)</u>
DISBURSEMENTS				
General Government		2,275	2,275	
Capital Projects	<u>733,550</u>	<u>731,275</u>	<u>454,933</u>	<u>276,342</u>
Total Disbursements	<u>733,550</u>	<u>733,550</u>	<u>457,208</u>	<u>276,342</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)			<u>274,513</u>	<u>274,513</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds			1,453	1,453
Transfers To Other Funds			<u>(90,100)</u>	<u>(90,100)</u>
Total Other Adjustments to Cash (Uses)			<u>(88,647)</u>	<u>(88,647)</u>
Net Change in Fund Balance			185,866	185,866
Fund Balance - Beginning				
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 185,866</u>	<u>\$ 185,866</u>

FULTON COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2024
(Continued)

	DES FUND			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
RECEIPTS				
Intergovernmental	\$ 11,800	\$ 11,800	\$ 12,795	\$ 995
Miscellaneous			93	93
Interest			69	69
Total Receipts	11,800	11,800	12,957	1,157
DISBURSEMENTS				
Protection to Persons and Property	12,121	19,111	18,949	162
Administration	9,801	2,811		2,811
Total Disbursements	21,922	21,922	18,949	2,973
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(10,122)	(10,122)	(5,992)	4,130
Other Adjustments to Cash (Uses)				
Transfers To Other Funds			(1,970)	(1,970)
Total Other Adjustments to Cash (Uses)			(1,970)	(1,970)
Net Change in Fund Balance	(10,122)	(10,122)	(7,962)	2,160
Fund Balance - Beginning	10,122	10,122	7,909	(2,213)
Fund Balance - Ending	\$ 0	\$ 0	\$ (53)	\$ (53)

FULTON COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2024
(Continued)

FIRE RESCUE CONSTRUCTION FUND				
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
RECEIPTS				
Charges for Services	\$ 198,585	\$ 198,585	\$	\$ (198,585)
Interest	1,000	1,000	35,432	34,432
Total Receipts	199,585	199,585	35,432	(164,153)
DISBURSEMENTS				
Protection to Persons and Property		22,055	21,805	250
Administration	1,085,274	1,063,219		1,063,219
Total Disbursements	1,085,274	1,085,274	21,805	1,063,469
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(885,689)	(885,689)	13,627	899,316
Other Adjustments to Cash (Uses)				
Transfers To Other Funds			(250)	(250)
Total Other Adjustments to Cash (Uses)			(250)	(250)
Net Change in Fund Balance	(885,689)	(885,689)	13,377	899,066
Fund Balance - Beginning	885,689	885,689	743,660	(142,029)
Fund Balance - Ending	\$ 0	\$ 0	\$ 757,037	\$ 757,037

FULTON COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2024
(Continued)

AMBULANCE RESERVE FUND				
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
RECEIPTS				
Intergovernmental	\$ 60,000	\$ 60,000	\$ 137,011	\$ 77,011
Interest	35,000	35,000	109,226	74,226
Total Receipts	95,000	95,000	246,237	151,237
DISBURSEMENTS				
Protection to Persons and Property		99,000	98,702	298
Administration	95,000			
Total Disbursements	95,000	99,000	98,702	298
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)		(4,000)	147,535	151,535
Other Adjustments to Cash (Uses)				
Transfers To Other Funds	(1,058,645)	(1,058,645)	(1,058,645)	
Total Other Adjustments to Cash (Uses)	(1,058,645)	(1,058,645)	(1,058,645)	
Net Change in Fund Balance	(1,058,645)	(1,062,645)	(911,110)	151,535
Fund Balance - Beginning	1,058,645	1,058,645	2,762,574	1,703,929
Fund Balance - Ending	\$ 0	\$ (4,000)	\$ 1,851,464	\$ 1,855,464

FULTON COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2024
(Continued)

CLERK STORAGE FUND				
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Miscellaneous	\$ 15,000	\$ 15,000	\$ 9,961	\$ (5,039)
Interest			34	34
Total Receipts	15,000	15,000	9,995	(5,005)
DISBURSEMENTS				
General Government	15,000	16,500	6,232	10,268
Administration	3,385	2,185		2,185
Total Disbursements	18,385	18,685	6,232	12,453
Net Change in Fund Balance	(3,385)	(3,685)	3,763	7,448
Fund Balance - Beginning	3,385	3,385	3,044	(341)
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ (300)</u>	<u>\$ 6,807</u>	<u>\$ 7,107</u>

FULTON COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2024
(Continued)

OPIOID FUND				
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Miscellaneous	\$ 48,000	\$ 48,000	\$ 5,557	\$ (42,443)
Interest			321	321
Total Receipts	48,000	48,000	5,878	(42,122)
DISBURSEMENTS				
General Health and Sanitation	39,440	39,440	100	39,340
Administration	8,560	8,560		8,560
Total Disbursements	48,000	48,000	100	47,900
Net Change in Fund Balance			5,778	5,778
Fund Balance - Beginning			39,491	39,491
Fund Balance - Ending	\$ 0	\$ 0	\$ 45,269	\$ 45,269

FULTON COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2024
(Continued)

ALCOHOL FEES FUND				
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Miscellaneous	\$ 42,000	\$ 42,000	\$ 47,919	\$ 5,919
Interest	100	100	109	9
Total Receipts	42,100	42,100	48,028	5,928
DISBURSEMENTS				
Protection to Persons and Property	42,000	42,000		42,000
Administration	100	100		100
Total Disbursements	42,100	42,100		42,100
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)			48,028	48,028
Other Adjustments to Cash (Uses)				
Transfers To Other Funds	(34,608)	(34,608)	(34,592)	16
Total Other Adjustments to Cash (Uses)	(34,608)	(34,608)	(34,592)	16
Net Change in Fund Balance	(34,608)	(34,608)	13,436	48,044
Fund Balance - Beginning	34,608	34,608	10,517	(24,091)
Fund Balance - Ending	\$ 0	\$ 0	\$ 23,953	\$ 23,953

FULTON COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2024
(Continued)

	ARPA FUND			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
RECEIPTS				
Intergovernmental	\$	\$	\$ 50,000	\$ 50,000
Interest	1,000	1,000	6,566	5,566
Total Receipts	1,000	1,000	56,566	55,566
DISBURSEMENTS				
Protection to Persons and Property		200,000	200,000	
Administration	1,523,996	1,323,996	47,951	1,276,045
Total Disbursements	1,523,996	1,523,996	247,951	1,276,045
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(1,522,996)	(1,522,996)	(191,385)	1,331,611
Other Adjustments to Cash (Uses)				
Transfers To Other Funds			(1,453)	(1,453)
Total Other Adjustments to Cash (Uses)			(1,453)	(1,453)
Net Change in Fund Balance	(1,522,996)	(1,522,996)	(192,838)	1,330,158
Fund Balance - Beginning	1,522,996	1,522,996	1,220,221	(302,775)
Fund Balance - Ending	\$ 0	\$ 0	\$ 1,027,383	\$ 1,027,383

FULTON COUNTY
NOTES TO REGULATORY SUPPLEMENTARY
INFORMATION - BUDGETARY COMPARISON SCHEDULES

June 30, 2024

Note 1. Budgetary Information

Annual budgets are adopted on a regulatory basis of accounting according to the laws of Kentucky as required by the state local finance officer, which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP) as established by the Governmental Accounting Standards Board.

The county judge/executive is required to submit estimated receipts and proposed disbursements to the fiscal court by May 1 of each year. The budget is prepared by fund, function, and activity and is required to be adopted by the fiscal court by July 1.

The fiscal court may change the original budget by transferring appropriations at the activity level; however, the fiscal court may not increase the total budget without approval by the state local finance officer. Disbursements may not exceed budgeted appropriations at the activity level.

Note 2. Deficit Fund Balance

As of June 30, 2024, the Disaster Emergency Services Fund has a deficit of \$53.

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FULTON COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For The Year Ended June 30, 2024

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**FULTON COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

For The Year Ended June 30, 2024

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity's Identifying Number	Provided to Subrecipient	Total Federal Expenditures
<u>U. S. Department of Housing and Urban Development</u>				
<i>Pass-Through Kentucky Department for Local Government</i> Community Development Block Grants/State's Program	14.228	2300001743	\$	\$ 457,208
Total U.S. Department of Housing and Urban Development			\$ 0	457,208
<u>U. S. Department of Treasury</u>				
<i>Direct Program</i> COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027		\$	\$ 247,951
Total U.S. Department of Treasury			\$ 0	247,951
<u>U. S. Department of Homeland Security</u>				
<i>Pass-Through Kentucky Department of Emergency Management</i> Emergency Management Performance Grants	97.042		\$	\$ 18,748
Total U.S. Department of Homeland Security			\$ 0	18,748
<u>U. S. Department of Agriculture</u>				
<i>Direct Program</i> Emergency Watershed Protection Program	10.923		\$	\$ 120,900
Total U.S. Department of Agriculture			\$ 0	120,900
Total Expenditures of Federal Awards			\$ 0	\$ 844,807

The accompanying notes are an integral part of this schedule.

FULTON COUNTY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

June 30, 2024

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal award activity of Fulton County, Kentucky under programs of the federal government for the year ended June 30, 2024. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Fulton County, Kentucky, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Fulton County, Kentucky.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the basis of the accounting practices prescribed or permitted by the Department for Local Government to demonstrate compliance with the Commonwealth of Kentucky's regulatory basis of accounting and budget laws, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Note 3. Indirect Cost Rate

Fulton County has not adopted an indirect cost rate and has not elected to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

FULTON COUNTY
SCHEDULE OF CAPITAL ASSETS
Other Information - Regulatory Basis

For The Year Ended June 30, 2024

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FULTON COUNTY
SCHEDULE OF CAPITAL ASSETS
Other Information - Regulatory Basis

For The Year Ended June 30, 2024

The fiscal court reports the following Schedule of Capital Assets:

	Beginning Balance	Additions	Deletions	Ending Balance
Land and Land Improvements	\$ 383,873	\$ 120,900	\$ 15,000	\$ 489,773
Buildings and Building Improvements	16,792,893	510,190		17,303,083
Vehicles and Equipment	4,003,221	187,998	111,940	4,079,279
Infrastructure	29,981,388	351,510		30,332,898
 Total Capital Assets	 <u>\$ 51,161,375</u>	 <u>\$ 1,170,598</u>	 <u>\$ 126,940</u>	 <u>\$ 52,205,033</u>

FULTON COUNTY
NOTES TO OTHER INFORMATION - REGULATORY BASIS
SCHEDULE OF CAPITAL ASSETS

June 30, 2024

Note 1. Capital Assets

Capital assets, which include land, land improvements, buildings, furniture and office equipment, building improvements, machinery, equipment, and infrastructure assets (roads and bridges) that have a useful life of more than one reporting period based on the government's capitalization policy, are reported as other information. Such assets are recorded at historical cost or estimated historical cost when purchased or constructed.

	Capitalization Threshold	Useful Life (Years)
Land and Land Improvements	\$ 10,000	15-30
Buildings and Building Improvements	\$ 10,000	10-60
Machinery and Equipment	\$ 10,000	3-25
Vehicles	\$ 10,000	3-15
Infrastructure	\$ 10,000	10-50

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL
STATEMENT PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

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ALLISON BALL
AUDITOR OF PUBLIC ACCOUNTS

Report On Internal Control Over Financial Reporting And
On Compliance And Other Matters Based On An Audit Of The Financial
Statement Performed In Accordance With *Government Auditing Standards*

Independent Auditor's Report

The Honorable Jim Martin, Fulton County Judge/Executive
Members of the Fulton County Fiscal Court

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the Statement of Receipts, Disbursements, and Changes in Fund Balances - Regulatory Basis of the Fulton County Fiscal Court for the fiscal year ended June 30, 2024, and the related notes to the financial statement which collectively comprise the Fulton County Fiscal Court's financial statement and have issued our report thereon dated June 13, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, we considered the Fulton County Fiscal Court's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the Fulton County Fiscal Court's internal control. Accordingly, we do not express an opinion on the effectiveness of the Fulton County Fiscal Court's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control that we consider to be material weaknesses.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as items 2024-001, 2024-002, 2024-003, 2024-004, and 2024-005 to be material weaknesses.



Report On Internal Control Over Financial Reporting And
On Compliance And Other Matters Based On An Audit Of The Financial
Statement Performed In Accordance With *Government Auditing Standards*
(Continued)

Report on Compliance And Other Matters

As part of obtaining reasonable assurance about whether the Fulton County Fiscal Court's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statement. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2024-001, 2024-002, 2024-003, 2024-004, and 2024-005.

Views of Responsible Official and Planned Corrective Action

Government Auditing Standards requires the auditor to perform limited procedures on the Fulton County's response to the findings identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs. The county's response was not subjected to the auditing procedures applied in the audit of the financial statement, and accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,



Allison Ball
Auditor of Public Accounts
Frankfort, Ky

June 13, 2025

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM
AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH THE UNIFORM GUIDANCE**

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ALLISON BALL
AUDITOR OF PUBLIC ACCOUNTS

Report On Compliance For Each Major Federal Program
And Report On Internal Control Over Compliance
In Accordance With The Uniform Guidance

Independent Auditor's Report

The Honorable Jim Martin, Fulton County Judge/Executive
Members of the Fulton County Fiscal Court

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Fulton County Fiscal Court's compliance with the types of compliance requirements identified as subject to audit in the U.S. *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the Fulton County Fiscal Court's major federal programs for the year ended June 30, 2024. The Fulton County Fiscal Court's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the Fulton County Fiscal Court complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Fulton County Fiscal Court and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Fulton County Fiscal Court's compliance with the compliance requirements referred to above.



Report On Compliance For Each Major Federal Program
And Report On Internal Control Over Compliance
In Accordance With The Uniform Guidance
(Continued)

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Fulton County Fiscal Court's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Fulton County Fiscal Court's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Fulton County Fiscal Court's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Fulton County Fiscal Court's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Fulton County Fiscal Court's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Fulton County Fiscal Court's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Report On Compliance For Each Major Federal Program
And Report On Internal Control Over Compliance
In Accordance With The Uniform Guidance
(Continued)

Report on Internal Control over Compliance (continued)

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the result of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Respectfully submitted,



Allison Ball
Auditor of Public Accounts
Frankfort, Ky

June 13, 2025

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FULTON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For The Year Ended June 30, 2024

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FULTON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For The Year Ended June 30, 2024

Section I: Summary of Auditor's Results

Financial Statement

Type of report the auditor issued on whether the financial statement audited was prepared in accordance with GAAP:

Adverse on GAAP and Unmodified on Regulatory Basis

Internal control over financial reporting:		
• Are any material weaknesses identified?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
• Are any significant deficiencies identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> None Reported
Are any noncompliances material to financial statements noted?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No

Federal Awards

Internal control over major programs:		
• Are any material weaknesses identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
• Are any significant deficiencies identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> None Reported
Type of auditor's report issued on compliance for major federal programs: Unmodified		
Are any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Identification of major programs:

<u>Assistance Listing Number</u>	<u>Name of Federal Program or Cluster</u>
14.228	Community Development Block Grant/State's Program

Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
Auditee qualified as a low-risk auditee?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

FULTON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Year Ended June 30, 2024
(Continued)

Section II: Financial Statement Findings

2024-001 The Fulton County Fiscal Court Failed To Implement Adequate Internal Controls Over Accounting Functions And Financial Reporting Including Adequately Segregating Duties

This is a repeat finding and was included in the prior year audit report as finding 2023-001. The Fulton County Fiscal Court lacks adequate segregation of duties and failed to provide any documented oversight and monitoring of accounting functions and financial reporting for fiscal year ended June 30, 2024. The county treasurer is responsible for preparing deposits, posting to the receipt ledger, preparing checks, posting to the disbursement ledger, performing monthly bank reconciliations, and preparing monthly, quarterly, and annual financial reports. There were no functioning and documented internal controls in place to monitor, provide oversight, or check the work performed by the county treasurer in fiscal year 2024, which allowed the county treasurer to have total control over the accounting and reporting functions. The fourth quarter financial statement submitted to the Department for Local Government did not accurately reflect the financial activities of the county because it was materially inaccurate.

The lack of segregation of duties and management oversight provides an environment in which an individual could manipulate financial records and misappropriate or misdirect county funds. The following deficiencies, instances of noncompliance, and errors occurred without detection:

- Budgetary amounts reported on the fourth quarter financial report did not agree to the budget approved by the fiscal court. Budget receipts and disbursements were overstated by \$571,100 due to reporting a budget amendment ordinance that was not passed.
- Court facility fees and rental income were not reported within a budgeted fund or budgeted as a separate fund of the county. Receipts totaling \$44,902, disbursements totaling \$109, and ending fund balances totaling \$44,793 were omitted from the fourth quarter financial statement.
- The fourth quarter financial report was changed after being submitted to DLG, but an amended report was not provided to DLG.
- Operating receipts were overstated by \$337,198 while total disbursements were overstated by \$23,626.
- Federal grant receipts of \$273,842 were completely omitted from the fourth quarter financial report.
- \$567,128 borrowed from the State Aid Funding Emergencies (SAFE) program was not properly reported as financing proceeds or as an outstanding debt obligation, nor was the SAFE fund budgeted. Additionally, the related SAFE Sinking Fund was not budgeted.
- The Mills Point Leasing receipts and disbursements were not reported in the county's budget.
- Cash transfers in and out were both overstated by \$2,679,595.
- Ending fund balances were understated by \$206,521.
- As reported in finding 2024-002, total outstanding debt obligations were understated by \$1,339,597.
- As reported in finding 2024-003, the county expended \$844,407 in federal funds but did not prepare a Schedule of Expenditures of Federal Awards (SEFA). A single audit was required.
- Payroll expenses of \$177,781 were omitted from the fourth quarter financial statement, while health insurance expense was overstated by \$195,447.
- A receivable of \$23,466 from the General Fund was posted on the payroll account bank reconciliation, but there was no corresponding outstanding item posted on the General Fund bank reconciliation.
- Two disbursements totaling \$295,041 were not recorded to an appropriate line-item account code.

While the county treasurer may be required to perform most of the accounting and reporting functions, the fiscal court failed to adequately segregate the duties involved. The fiscal court also failed to establish a documented adequate system of oversight and internal controls to ensure the financial reports were complete and accurate. Additionally, the fiscal court placed complete reliance on a new treasurer who had not received adequate training for her required duties.

FULTON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Year Ended June 30, 2024
(Continued)

Section II: Financial Statement Findings (Continued)

2024-001 The Fulton County Fiscal Court Failed To Implement Adequate Internal Controls Over Accounting Functions And Financial Reporting Including Adequately Segregating Duties (Continued)

Strong internal controls including the segregation of duties over various accounting functions such as recording receipts and disbursements, performing bank reconciliations, and preparing monthly, quarterly, and annual financial reports are vital in ensuring the financial reports accurately reflect the financial activity of the fiscal court as well as ensuring adherence to applicable laws and regulations. These internal controls are essential for providing protection from asset misappropriation and inaccurate financial reporting.

KRS 46.010(2) requires, “each county treasurer and each county officer who receives or disburses state funds, to keep an accurate account of receipts and disbursements, showing a daily balance of receipts and disbursements.” KRS 46.010(3) requires, “all county officers handling state funds, other than taxes, to make an annual report to the Department for Local Government showing receipts and disbursements and to make other financial statements as the Department for Local Government requires.” The oversight of the accounting financial reporting processes is a basic internal control necessary to ensure financial statements are fairly stated and agree to underlying accounting records.

KRS 68.210 gives the State Local Finance Officer the authority to prescribe a uniform system of accounts which are outlined in the *County Budget Preparation and State Local Finance Officer Policy Manual* (DLG budget manual). The DLG budget manual requires fiscal courts to submit quarterly reports that show, among other things, the amounts from the original budget for each category of receipts and disbursements. The fourth quarter financial report budgetary amounts should agree to the original budget and any budget amendments submitted to the DLG. The DLG budget manual also requires all funds, except for a Public Properties Corporation, the Jail Commissary, and any trust funds to be budgeted and listed on the quarterly reports.

KRS 68.020(4) states the county treasurer, “shall keep an accurate detailed account of all money received and disbursed by him or her for the county, and shall keep books of accounts of the financial transactions of the county in the manner required by the uniform system of accounting prescribed by the state local finance officer.”

We recommend the Fulton County Fiscal Court segregate the duties involved in recording receipts and disbursements, reconciling bank accounts, and preparing monthly, quarterly, and annual financial reports so that one individual does not have control over the entirety of accounting and reporting functions. If segregation of duties is not possible, appropriate management oversight should be provided to ensure the completion of accurate financial reports, including budgetary amounts, actual receipts, and disbursements, as well as other required schedules. This oversight should include a documented review of financial reports by management to verify amounts recorded and reported are accurate.

Views of Responsible Official and Planned Corrective Action:

County Judge/Executive’s Response: “The Finance Officer and the County Treasurer have worked diligently to properly implement dual control of the county’s finances. The Finance Officer continues to keep thorough spreadsheets and copies of checks and bills while the Treasurer reconciles and keeps records in accounting software. The two are then able to compare and verify each other. In addition, after the County Treasurer prepares the monthly financial reports, the Judge Executive and the Deputy Judge review and sign off on them prior to the Fiscal Court meeting. This is another step implemented to keep adequate internal control. Due to the small number of staff employed by the Fiscal Court will continue to implement these same procedures in the future.”

FULTON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Year Ended June 30, 2024
(Continued)

Section II: Financial Statement Findings (Continued)

2024-002 The Fulton County Fiscal Court's Outstanding Debt Balances Were Materially Understated And Proper Notification Was Not Provided To The State Local Debt Officer For New Debt

This is a repeat finding and was included in the prior year audit report as finding 2023-002. For the fiscal year ending June 30, 2024, the fiscal court reported outstanding debt principle of \$2,405,114 and related interest of \$732,386 on the fourth quarter financial report submitted to the Department for Local Government. However, as of June 30, the confirmed outstanding debt principal balance was \$3,704,028 and related interest of \$773,069. Also, the fiscal court failed to file an "Intent to Finance" document with to the state local debt officer.

Additionally, the fiscal court did not meet the Continuing Disclosure Requirements per the fiscal court's debt agreements.

As a result, the outstanding debt obligations reported on the fourth quarter financial report were understated by \$1,339,597. Additionally, because outstanding liabilities were not accurately reported, the fiscal court cannot make effective management decisions relating to debt service.

By not filing an audited financial report timely, the fiscal court is not in compliance with the requirement of the debt agreements. This noncompliance could affect the fiscal court's ability to finance future projects.

This error was due to the county treasurer reporting part of the outstanding principle as interest instead of the actual interest due on the lease. The county treasurer also omitted new debt of \$566,528 related to the State Aid Funding Emergencies (SAFE) program. In addition, this is due to the fiscal court failing to implement control procedures to ensure outstanding debt obligations are accurately reported.

KRS 46.010(2) requires, "each county treasurer and each county officer who receives or disburses state funds, to keep an accurate account of receipts and disbursements, showing a daily balance of receipts and disbursements." KRS 46.010(3) requires, "all county officers handling state funds, other than taxes, to make an annual report to the Department for Local Government showing receipts and disbursements and to make other financial statements as the Department for Local Government requires." Effective management oversight of financial reporting is a basic internal control necessary to ensure the accuracy and reliability of financial reports.

KRS 68.210 gives the state local finance officer the authority to prescribe a uniform system of accounts. The *County Budget Preparation and State Local Finance Officer Policy Manual* requires accurate financial reports be maintained and submitted, which includes the schedule of liabilities.

KRS 65.117(1) states, "[n]o city, county, urban-county, consolidated local government, charter county, or special purpose governmental entity defined in KRS 65A.010 shall enter into any financing obligation of any nature, whether evidenced by note pursuant to KRS 65.7701 to 65.7721 or otherwise, by lease pursuant to KRS 65.940 to 65.956, under which the lease price exceeds two hundred thousand dollars (\$200,000), by bond issuance pursuant to KRS Chapter 66, or any long-term debt obligation of any sort without first notifying the state local debt officer in writing."

FULTON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Year Ended June 30, 2024
(Continued)

Section II: Financial Statement Findings (Continued)

2024-002 The Fulton County Fiscal Court's Outstanding Debt Balances Were Materially Understated And Proper Notification Was Not Provided To The State Local Debt Officer For New Debt (Continued)

The fiscal court's General Obligation Lease Agreement requires the fiscal court to comply with all the requirements of the Securities and Exchange Commission Rule 15c2-12, relating to financial statement disclosures and certain events disclosures relating to the debt on an ongoing basis until the debt is paid in full. Per the lease agreement, the fiscal court is required to submit audited financial statements within 300 days following the end of the fiscal year.

We recommend the fiscal court implement internal control procedures to ensure outstanding principal and interest balances are accurately reported. At a minimum, the fiscal court should compare the schedule of liabilities to debt schedules per the debt agreements. We also recommend the fiscal court comply with the terms of debt agreements by providing audited financial information as required. Additionally, the fiscal court should provide proper notification to the state local debt officer before entering into debt agreements when required.

Views of Responsible Official and Planned Corrective Action:

County Judge/Executive's Response: "The Fulton County Fiscal Court received a SAFE loan during this Fiscal Year; this was a 0% interest loan. This money was not dispersed, therefore note added to the county's outstanding debt. All monies related to this loan remain on account with the Fulton County Fiscal Court. The county objects to the use of the word "Materially" in the finding as this seems to indicate that there was an intent to misstate the amount owed by the County. The Treasurer has been informed by the Auditor that ANY funds which are owed to a third party, whether dispersed or not, must be added to outstanding debt. In the future, the Treasurer will endeavor to list ALL funds which are owed to a third party and report accordingly to the State Local Debt Officer for New Debt beginning with the FY 25 reports."

Auditor's Reply: Materially refers to the magnitude of omission of information or error that is large enough to influence a user of the financial statement. The financial statement submitted to the governing body (DLG) omitted a material amount of new debt. Additionally, the State Local Debt Officer was not properly notified of the new debt.

2024-003 The Fulton County Fiscal Court Failed To Prepare A Schedule Of Expenditures Of Federal Awards For The 2024 Fiscal Year

The fiscal court failed to prepare and submit a Schedule of Expenditures of Federal Awards (SEFA) for fiscal year 2024 to the Department for Local Government (DLG). During the fiscal year, the county expended \$844,807 in federal funds, which exceeds the threshold for a single audit.

By not preparing a SEFA, the county could miss having a required Federal single audit. Additionally, the fiscal court's federal expenditures are not properly reported to DLG who is the regulatory oversight body.

The omission of the SEFA preparation was caused by the fiscal court's lack of oversight and failure to ensure a SEFA was submitted as required. Also, the county treasurer was unaware of the requirement to submit a SEFA to DLG.

FULTON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Year Ended June 30, 2024
(Continued)

Section II: Financial Statement Findings (Continued)

2024-003 The Fulton County Fiscal Court Failed To Prepare A Schedule Of Expenditures Of Federal Awards For The 2024 Fiscal Year (Continued)

2 CFR 200.508 states the auditee must “(b) Prepare appropriate financial statements, including the schedule of expenditures of Federal awards in accordance with §200.510.”

KRS 68.210 requires the state local finance officer to prescribe a uniform system of accounts that may include reporting requirements for all counties. The DLG’s *County Budget Preparation and State Local Finance Officer Policy Manual* is requires a Schedule of Expenditures Federal Awards to be submitted with the fourth quarter financial report.

The oversight of financial reporting is a basic internal control necessary to ensure management is aware of all reporting requirements and that the fiscal court is complying with the requirements.

We recommend the fiscal court prepare and submit a SEFA along with the fourth quarter financial report submitted to DLG. We also recommend the fiscal court implement procedures to ensure management is aware of all the reporting requirements.

Views of Responsible Official and Planned Corrective Action:

County Judge/Executive’s Response: “Due to being unaware of the source of certain grants, the Treasurer did not record these grants properly and therefore inadvertently crossed the threshold amount requiring a Single Audit of Federal Grants. A Single Audit of Federal Grants was completed contemporaneously with the current audit to which the Court is responding. Keeping a detailed record of any and all Federal grant money received in a more detailed manner throughout the year will correct this finding. The Court believes that no further corrective action is needed since the Single Audit of Federal Grants for FY 24 has been completed without findings and does not anticipate that this finding will be an issue in the future.”

2024-004 The Fulton County Fiscal Court Failed To Implement Adequate Internal Controls Over Disbursements

This is a repeat finding and was included in the prior year audit report as finding 2023-004. The Fulton County Fiscal Court failed to implement proper internal controls over disbursements. We tested 34 transactions totaling \$2,939,684, which resulted in the following issues:

- Thirty-two disbursements totaling \$2,641,962 had a purchase order that was dated after the invoice date.
- Seven disbursements totaling \$554,369 were paid prior to fiscal court approval.
- Thirteen disbursements totaling \$838,132 were not paid within 30 working days of the receipt of the invoice.
- Eight credit card transactions totaling \$14,186 were tested. Proper documentation to support \$276 of credit card charges was not maintained, and transactions totaling \$445 were miscoded in the disbursement ledger.
- Encumbrances for FYE June 30, 2024, were not accurately reported on the fourth quarter financial statement.
- The fiscal court did not properly procure bids for food services or inmate uniforms at the detention center, which totaled \$670,401 and \$88,572 respectively.
- The fiscal court purchased a truck for the road department in the amount of \$50,370 without soliciting bids or following proper state price contract procedures for vehicles.

FULTON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Year Ended June 30, 2024
(Continued)

Section II: Financial Statement Findings (Continued)

2024-004 The Fulton County Fiscal Court Failed To Implement Adequate Internal Controls Over Disbursements (Continued)

Weak controls over disbursements increases the risk of misstatements of financial activity. Funds could be misused, or invoices could go unaccounted for, resulting in late fees being incurred. The issues noted above could result in line items being over budget, claims being paid which are not valid obligations of the fiscal court, cash flows problems, and misappropriation of assets. Additionally, by not advertising for bids, the county may not have received the best price for goods or service.

The noncompliances and internal control issues noted above are the result of a weak control environment over the procurement process. According to county personnel, the jailer did not procure bids for food services, but rather renewed his existing contract with the previous vendor.

KRS 46.010(2) requires, “each county treasurer and each county officer who receives or disburses state funds, to keep an accurate account of receipts and disbursements, showing a daily balance of receipts and disbursements.” KRS 46.010(3) requires, “all county officers handling state funds, other than taxes, to make an annual report to the Department for Local Government showing receipts and disbursements and to make other financial statements as the Department for Local Government requires.” Strong internal controls over disbursements, including a properly functioning purchase order system, are necessary to ensure the accuracy and reliability of financial reports.

KRS 68.210 gives the state local finance officer the authority to prescribe a system of uniform accounts. The Department for Local Government’s (DLG’s) *County Budget Preparation and State Local Finance Officer Policy Manual* states, “[p]urchase requests shall not be approved in an amount that exceeds the available line-item appropriation unless the necessary and appropriate transfers have been made.”

The *County Budget Preparation and State Local Finance Officer Policy Manual* prescribes that all counties have a purchase order system. Additionally, according to a memorandum from the Department for Local Government (DLG) dated August 4, 2016, “[t]he main purpose of this system is to ensure that purchases can be made if there are sufficient appropriations available within the amount of line items in the county’s budget.”

KRS 65.140(2) states, “[u]nless the purchaser and vendor otherwise contract, all bills for goods or services shall be paid within thirty (30) working days of receipt of a vendor's invoice except when payment is delayed because the purchaser has made a written disapproval of improper performances or improper invoicing by the vendor or by the vendor's subcontractor.”

The Fulton County Fiscal Court’s administrative code states, “[a]ny expenditure or contract for materials, supplies (except perishable meat, fish, vegetables, breads and other food related products for the Fulton County Detention Center), equipment, or for contractual services other than professional, involving an expenditure of more than twenty thousand dollars (\$20,000) shall be subject to competitive bidding.”

We recommend the Fulton County Fiscal Court implement internal controls over disbursement and procurement processes to ensure purchase orders are issued prior to purchases being made. Additionally, we recommend that outstanding purchase orders be listed as encumbrances on the fourth quarter financial statement. Lastly, we recommend that proper procurement procedures be established to ensure compliance with state statutes and county policy.

FULTON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Year Ended June 30, 2024
(Continued)

Section II: Financial Statement Findings (Continued)

2024-004 The Fulton County Fiscal Court Failed To Implement Adequate Internal Controls Over Disbursements (Continued)

Views of Responsible Official and Planned Corrective Action:

County Judge/Executive's Response: "The Finance Officer and the County Treasurer have worked diligently to properly implement dual control of the county's finances. The Finance Officer continues to keep thorough spreadsheets and copies of checks and bills while the Treasurer reconciles and keeps records in accounting software. The two are then able to compare and verify each other. In addition, after the County Treasurer prepares the monthly financial reports, the Judge Executive and the Deputy Judge review and sign off on them prior to the Fiscal Court meeting. This is another step implemented to keep adequate internal controls. The Fiscal Court objects to this finding as we believe that the controls implemented are adequate given the number of employees available within the office to perform the segregation of duties."

Auditor's Reply: Internal controls over disbursements were not effective or working properly as shown by the exceptions noted above.

2024-005 The Fulton County Fiscal Court Failed To Approve Quarterly Financial Reports And An Annual Settlement For The Fiscal Year

Required quarterly financial statements were not presented to the fiscal court. Nor was a final settlement prepared and presented to the court. The treasurer did present monthly financial reports.

Since the quarterly financial reports and annual settlement were not approved in open court, the fiscal court does not have adequate financial information to make effective management decisions for the county.

The county treasurer was not aware the quarterly financial reports and annual settlement were different than the treasurer's monthly financial reports. The fiscal court did not require these financial statements be presented to approved by the court.

KRS 68.360(2) states, "[t]he county judge/executive shall, within fifteen (15) days after the end of each quarter of each fiscal year, prepare a statement showing for the current fiscal year to date actual receipts from each county revenue source, the totals of all encumbrances and expenditures charged against each budget fund, the unencumbered balance of the fund, and any transfers made to or from the fund. The county judge/executive shall post the statement in a conspicuous place in the courthouse near the front door for at least ten (10) consecutive days, and transmit a copy to the fiscal court and to the state-local finance officer. The statement shall be read at the next meeting of the fiscal court."

KRS 68.020(4) states, "[t]he county treasurer shall keep an accurate detailed account of all money received and disbursed by him or her for the county, and shall keep books of accounts of the financial transactions of the county in the manner required by the uniform system of accounting prescribed by the state local finance officer."

KRS 424.220(1) states, in part, "every public officer of any city, county, or district less than a county, or of any board, commission, or other authority of a city, county, or district whose duty it is to collect, receive, have the custody, control, or disbursement of any funds collected from the public in any form shall, at the end of each fiscal year, prepare an itemized, sworn statement of the funds collected, received, held, or disbursed by him or her during the fiscal year just closed[.]

FULTON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Year Ended June 30, 2024
(Continued)

Section II: Financial Statement Findings (Continued)

2024-005 The Fulton County Fiscal Court Failed To Approve Quarterly Financial Reports And An Annual Settlement For The Fiscal Year (Continued)

KRS 424.220(2) states, “[t]he statement shall show: (a) The total amount of funds collected and received during the fiscal year from each individual source; and (b) The total amount of funds disbursed during the fiscal year to each individual payee.”

KRS 68.030 states, “[e]ach settlement made by the county treasurer shall be approved by the fiscal court in open court, and shall, by order of the fiscal court, be recorded by the county clerk in a book kept for that purpose.”

KRS 46.010(2) states, “[t]he system so adopted shall require each county treasurer and each county officer who receives or disburses state funds, to keep an accurate account of receipts and disbursements, showing a daily balance of receipts and disbursements.” KRS 46.010(3) states, “[t]he system shall require all county officers handling state funds, other than taxes, to make an annual report to the Department for Local Government showing receipts and disbursements and to make other financial statements as the Department for Local Government requires.” The oversight of financial reporting is a basic internal control necessary to ensure management is aware of all reporting requirements and ensuring the fiscal court is complying with these requirements.

We recommend the fiscal court implement internal control procedures to ensure compliance with state law by requiring the county treasurer and the county judge executive to present all required financial reports and an annual settlement to the fiscal court.

Views of Responsible Official and Planned Corrective Action:

County Judge/Executive’s Response: “The Treasurer prepares the quarterly settlements and annual reports that are requested by the Fiscal Court in accordance with the DLG Budget Manual and the Kentucky Revised Statutes which state in part: “The county judge/executive shall, within fifteen (15) days after the end of each quarter of each fiscal year, prepare a statement showing for the current fiscal year to date actual receipts from each county revenue source, the totals of all encumbrances and expenditure charged against each budget fund, the unencumbered balance of the fund, and any transfers made to or from the fund. The county judge/executive shall post the statement in a conspicuous place in the courthouse near the front door for at least ten (10) consecutive days and transmit a copy to the fiscal court and to the state local finance officer. The statement shall be read at the next meeting of the fiscal court.” KRS 68.360(2) These reports are placed on the Fiscal Court agenda as a standing item once per quarter and annually and are approved by the Court on a quarterly as well as annual basis. The court minutes reflect approval of quarterly financial reports and annual settlement for the fiscal year. The Fulton County Fiscal Court objects to this finding.”

Auditor’s Reply: The County Judge Executive did not present the required quarterly financial statement to the fiscal court as required by KRS 68.360(2), nor did the treasurer prepare an annual settlement as required by KRS 424.220.

Section III: Federal Award Findings And Questioned Costs

None noted.

Section IV: Summary Schedule of Prior Audit Findings

None noted.

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**CERTIFICATION OF COMPLIANCE -
LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM**

FULTON COUNTY FISCAL COURT

For The Year Ended June 30, 2024

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CERTIFICATION OF COMPLIANCE

LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM

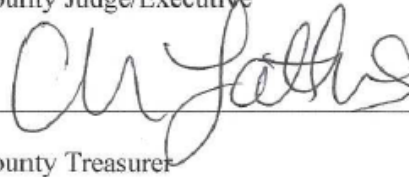
FULTON COUNTY FISCAL COURT

For The Year Ended June 30, 2024

The Fulton County Fiscal Court hereby certifies that assistance received from the Local Government Economic Assistance Program was expended for the purpose intended as dictated by the applicable Kentucky Revised Statutes.

A handwritten signature in blue ink, appearing to read "John Martin", written over a horizontal line.

County Judge/Executive

A handwritten signature in blue ink, appearing to read "Chris Johns", written over a horizontal line.

County Treasurer